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on Thursday, 27 June 1996, at 3 p.m.

President: Mr. GERVAIS (Côte d'Ivoire)

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INTERNATIONAL COOPERATION AGAINST THE ILLICIT PRODUCTION, SALE, DEMAND, TRAFFIC AND DISTRIBUTION OF NARCOTICS AND PSYCHOTROPIC SUBSTANCES AND RELATED ACTIVITIES (continued)

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The meeting was called to order at 3.15 p.m.

INTERNATIONAL COOPERATION AGAINST THE ILLICIT PRODUCTION, SALE, DEMAND, TRAFFIC AND DISTRIBUTION OF NARCOTICS AND PSYCHOTROPIC SUBSTANCES AND RELATED ACTIVITIES (continued) (E/1996/18, E/1996/57)

Ms. WALLSTRÖM (Sweden) said that there were three essential elements in the international struggle against drugs: creating a culture of drug rejection, reacting early to warning signs like petty crime, and mobilizing the entire United Nations system in the anti-drug cause.

She called upon Member States to take on greater political and financial responsibility in the fight against drugs, and expressed the hope that significant progress in that fight would have been made before the convening in 1998 of the proposed special session of the General Assembly devoted to drug issues.

Mr. INOMATA (Japan) said that comprehensive legal instruments to control money-laundering were still in the formative stage. The Commission on Narcotic Drugs (CND) in a recently adopted resolution urged the United Nations International Drug Control Programme (UNDCP) to continue to work with the Financial Action Task Force (FATF) and other institutions to strengthen international efforts against money-laundering and review progress made by Member States in implementing the provisions of the 1988 Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. In the view of the Japanese Government, action along those lines was more important than elaborating new instruments.

He disputed the suggestion that demand for drugs was a purely internal matter of individual Member States. The 1988 Convention had already set minimum standards for demand reduction; moreover, the provisions of all three anti-drug Conventions allowed no leeway for individual countries to use resource constraints as justification for dealing with some drugs and not with others. The Japanese Government insisted on the importance of burden-sharing among those States fighting drug abuse, because any demand-reduction policy adopted in one country could eventually affect other countries. In view of the multilateral

character of the demand-reduction issue, a declaration of demand-reduction principles was being debated in the Commission on Narcotic Drugs.

There was also a need for UNDCP to carry out a quantitative analysis of the economic and social consequences of drug abuse. For example, the Japanese Government was concerned about the effect of drug trafficking and abuse on labour productivity. Quantified data of that type could be used by Governments to mobilize more resources for the anti-drug sector.

Mr. SCHROEDER (Chairman, International Narcotics Control Board (INCB)) welcomed the consensus that drug control must remain a top priority for the United Nations system.

He pointed out that Governments were cooperating to fulfil their obligations under the 1988 Convention by refining their legislation, attacking corruption and using financial tools to effectively deprive drug traffickers of their resources. However, as the drug trade was part of a broader range of criminal activities, the world community needed a comprehensive Convention on organized crime, money-laundering and corruption.

He cited recent signs of success in the worldwide drug control effort, in the form of major drug seizures, eradication of drug cultivation in some areas, and the spread of effective anti-drug education programmes. Had no such actions been taken, the situation would have been far more serious than it was. Such successes would continue if Governments broadened their application of the provisions of the international anti-drug Conventions.

Human rights and the freedom to choose one's own lifestyle ended when the consequences of that freedom damaged other individuals or society as a whole. Therefore, repressive measures against drug abuse and trafficking by no means undermined individual human rights. However, if the drug problem were to be solved at all, it would be primarily as a result of long-term efforts at prevention through education and propagating the idea of a drug-free society. Neglect of prevention efforts in the past had resulted in some countries becoming overwhelmed by the drug problem in their societies, with a consequently higher price to be paid to find solutions.

Mr. KAMAL (Pakistan) expressed his delegation's disappointment at the irregular attendance of the Executive Director of UNDCP, whose presence was essential at all stages of the Council's debate and dialogue on the topic of drugs. He reiterated his delegation's dissatisfaction with the undue emphasis

on the supply side of the drug problem in that debate, and he suggested that the Council should focus on identifying specific areas in which quick and decisive results could be obtainable. It was not enough to contrast the current state of the anti-drug struggle with the situation that would have obtained had no measures been taken at all; rather, the Council needed to consider whether its efforts to date had truly been sufficient and to develop a plan of action that greatly increased emphasis on curtailing the demand for drugs.

He asked what plan of action UNDCP proposed for more effectively curtailing the drug consumption in the Western countries that was fuelling the narcotics trade, as the increasing consumption of narcotics in those countries pointed to the singular lack of success of efforts to curtail it.

He also asked what specific measures the United Nations system and Member States were prepared to take with regard to money-laundering. In view of the fact that the enormous sums of money involved in the drug trade implied a sizeable involvement on the part of the banking system, it was essential to draw private financial interests into a dialogue with Governments within the Council so that they could jointly confront the social menace of drugs.

The PRESIDENT noted the presence of the Executive Director of UNDCP at the current session and regretted the inability of some administrators of the International Monetary Fund, the World Trade Organization and the World Bank to attend the Council's debates. The Secretariat had been instructed to send letters to those organizations expressing his personal regret regarding those absences.

Mr. KAMAL (Pakistan) reiterated the importance to his delegation of the Executive Director's presence in person throughout the Council's debates on the topic of drugs, and not simply at the current meeting.

Ms. BESKER (Observer for Croatia) fully endorsed the content of the note on the impact of drug abuse on societies and said that the ideas it contained had already been reflected in her country's national strategy to control drug abuse.

The assistance of the United Nations system and UNDCP was crucial for the fight against drugs in Croatia, where increasing drug addiction and trafficking had been aggravated by postwar social dislocations and a transitional economy. Croatia lacked the institutional capacity, technical skills and financial resources to deal with the growing drug menace and its effects, and it therefore

looked to UNDCP for essential guidance and technical assistance in implementing its anti-drug policies. It also attached great importance to the regional and subregional approaches of UNDCP, welcomed the growing recognition of the need to expand UNDCP activities in the region of south-eastern Europe, and strongly endorsed the consolidation of the financial basis of UNDCP.

Mr. SUPNET (Philippines) said that all countries should repeal bank secrecy laws protecting the confidentiality of deposits so that prosecutors investigating money-laundering schemes could gain access to essential information.

UNDCP, as the nerve centre for coordinating activities to combat drug trafficking and related activities, should be provided with the necessary funds to carry out its work. Economic policy makers and drug control authorities needed to be partners in the anti-drug campaign at the national level. National development authorities, ministries of trade and industry, and central banks should be encouraged to work with national narcotics agencies in the fight against drugs. The developing countries, which faced the challenge of introducing trade liberalization policies, required the assistance of the international community to provide training and seminars to cope more effectively with the drug problem in all its aspects.

Mr. WOLTMANN (Germany) said money-laundering and the investment of illicit proceeds affected both national economies and the international financial system. Unless the problem was tackled multilaterally, competition between banking systems and investment institutions in different countries would be grossly distorted. All countries should repeal their banking secrecy laws and work together to combat money-laundering.

He agreed with the representative of Japan that, owing to the considerable differences in the financial and economic infrastructures of countries, it was too soon to begin drafting an international declaration on drug trafficking and money-laundering. He commended the valuable work of the Financial Action Task Force, whose guiding recommendations could be adapted to meet the needs of the regions. The Task Force had developed mechanisms for self-assessment and mutual evaluation and typologies of money-laundering practices that were extremely useful for all countries. Finally, he supported the appeals of previous delegations to broaden the financial basis of UNDCP and INCB and encouraged all

countries to contribute in keeping with their financial possibilities, since all contributions, no matter how small, mattered enormously.

Mrs. CHIGAGA (Observer for Zambia) noted that poor developing countries, which were desperately in need of foreign investment, had become particularly vulnerable to the twin evils of drug trafficking and money-laundering. International legal safeguards were needed, together with more effective technical and financial assistance to small developing countries. One area of technical assistance which was crucial to those countries was access to an international database to enable them to investigate prospective foreign investors with suspicious credentials. UNDCP could be designated as the focal point for the exchange of such information.

More subregional and regional cooperation was required to catch those drug barons who moved from country to country within a region. Greater coordination between Governments and international drug control authorities was also needed. Given the disturbing link between a weak economy and the drug trade, UNDCP should use its technical expertise to assist developing countries to train law enforcement personnel and, in particular, drug control authorities to help curtail the activities of international drug traffickers.

Mr. TELLES RIBEIRO (Brazil) said that developing countries faced the additional problem of limited resources when implementing their anti-drug policies. Keeping in mind the link between poverty and the drug problem, especially in the developing countries, and the acknowledged need for international financing, he wondered how the United Nations could persuade the international community and international financial decision centres to play a more active role in the fight against drug-related problems. Since a special session of the General Assembly devoted to drugs had been tentatively scheduled for 1998, he proposed that the issue should top the Council's agenda for that year.

Mr. MERDAD (Observer for the Syrian Arab Republic) said that the United Nations should continue, through its various bodies and especially UNDCP, to coordinate international and regional activities to combat drug trafficking and related problems. He stressed that it should be the only international body authorized to investigate and evaluate drug trafficking at the international level. He asked whether any attempt had been made to adjust national reporting in order to facilitate the work of UNDCP.

Mr. RODRIGUES (Portugal) said that drug trafficking was having a significant impact on the national budget of his country. Though not a producing country, Portugal served as a transit area for drugs such as cocaine and cannabis on their way to other European countries. Therefore, efforts to control its maritime borders had intensified yearly, as had the related financial burden. The number of drug traffickers arrested and convicted had increased by 30 per cent, putting further strain on the already overburdened resources of the justice and prison systems. As to consumption, drug users represented approximately 50 per cent of those convicted of common law crimes, and a large number of them were infected with the HIV/AIDS virus. The rate at which trafficking and consumption were increasing was of major concern to his Government.

Portugal had adopted legislation outlawing money-laundering in 1993 and then revised that legislation in 1995 in keeping with relevant legislation of the Council of Europe. Despite efforts to establish a system of control over financial transactions, the complexity of obtaining evidence of such transactions limited the effects of any actions undertaken. None the less, the number of complaints of money-laundering violations had gone from 17 in 1994 to 95 in 1995 and had reached 59 for the first three months of 1996. Although half of such complaints were never brought to trial, significant sums of money had been seized. International cooperation was the basis of success in that area and close collaboration was needed among the various national and international enforcement agencies such as Interpol. In that regard, his delegation strongly endorsed the proposal of the representative of Mexico calling for international guidelines on ways to eliminate all types of money-laundering activities.

Mr. STOJANOUSNI (Observer for the former Yugoslav Republic of Macedonia) said that greater flexibility was required in the area of international cooperation to combat drug trafficking. National police forces should be encouraged to cooperate more closely, and greater efforts to prevent drug abuse should be made in all sectors of society, not just by law-enforcement and health institutions. He asked the Executive Director of UNDCP to comment on the specific activities of UNDCP that were currently being implemented and those contemplated for the future.

Mr. GIACOMELLI (United Nations International Drug Control Programme (UNDCP)) said that one area which deserved greater attention was the hiatus

created because the judicial system was unable to keep up with the caseload submitted by the law-enforcement agencies. Because of the large number of cases brought to justice and the time it took to resolve them, people were often detained for too long a period without judgement. Frequently, convictions were averted, thanks to skilful legal manoeuvring. Accordingly, every effort should be made to improve the monitoring of indicators such as the number of cases brought to trial, the average duration of procedures, and the outcome of trials including the number of convictions.

Many delegations had referred to the need to establish a true continuum among the relevant conventions. The Global Programme of Action had been the first important effort to transform a legal instrument into a programme of action at the international level, and it should be adapted by countries to reflect their respective requirements. That effort should in turn be reinforced with a voluntarily accepted mechanism to monitor the progress of the international community.

Implicit in the statements by many representatives was the recognition that all components of civil society must work together to focus on drug-related issues within their respective areas of responsibility.

Turning to the question of money-laundering, he said that it was important to ensure broad implementation of the 1988 Convention. UNDCP had helped many countries draft legislation consonant with the Convention. In addition, UNDCP included in national and regional projects training programmes geared to personnel in central banks and financial control institutions. The programmes sought to alter the mentality brought to bear on the ethics of the banking system with a view to ensuring that the needs of an open society were balanced with appropriate safeguards.

He had been asked how UNDCP could help to reduce the demand for drugs, in particular, in the developed world. UNDCP established general norms and worked to increase awareness of the drug problem, and it had organized global and regional forums on demand reduction. However, it must be borne in mind that General Assembly resolution 46/185 specifically requested UNDCP to provide technical assistance mainly to developing countries.

He had been asked what UNDCP was doing to mobilize additional resources. That task had been a high priority since the Programme's inception. A dialogue was being maintained with Member States in order to ensure that the burden was

fairly distributed and that no particular country had "ownership" of the Programme. A white paper on financing which he had recently submitted to the Commission on Narcotic Drugs had been well received. In addition, substantial progress had been made in the effort to involve other organizations, the financial institutions in particular, in the effort to mobilize resources.

Despite some initial reluctance in the Administrative Committee on Coordination (ACC), the relevant organizations of the United Nations system now fully accepted the need for coordinated efforts to combat drug-related problems, including at the field level. He urged Member States to speak with one voice in the various governing bodies of those organizations.

He had been asked to indicate what the primary drug abuse problems were and what trends were expected to develop. The problem as a whole had been getting worse on a daily basis and would probably continue to do so before the situation improved. The geographical reach of drug traffickers was expanding rapidly. Their influence on supply and demand commanded such close attention because of the perverse role which organized crime and traffickers played in infiltrating economic and political circles. Nevertheless, it was important not to take a defeatist attitude; the international community was working hard to create a foundation on the basis of which it would gradually gain ground against the epidemic of drug abuse. It was imperative to address the short, medium and long-term aspects of the problem. The Council's discussion had demonstrated that there was now considerably more common ground on which to build the international effort.

Mrs. CASTRO de BARISH (Costa Rica) said she agreed with the representative of Mexico that more concrete information was needed on the impact of drug profits on international markets. She would also like to know the current levels of income generated by such sales.

She further agreed with the Mexican delegation that free trade agreements should include machinery to combat money-laundering. Like the representative of Pakistan, she believed that a dialogue between interested delegations and the international monetary institutions would be very useful.

Her delegation welcomed the new legislative initiatives taken by Colombia with the assistance of the International Narcotics Control Board, and she extended her delegation's appreciation to the Board for its cooperation with her own country. She would welcome information about cooperation between the Board

and UNICEF with respect to the rehabilitation of children and adolescents, who were so highly vulnerable to the lure of drugs.

Mr. ZULU (International Monetary Fund (IMF)) said that the Fund focused on combating money-laundering. As a member of the Financial Action Task Force, it worked to develop techniques to deal with that issue more comprehensively.

Where possible, IMF included information about the impact of drug sales in the macroeconomic data which it reported. Such information was difficult to gather given the clandestine nature of drug-related activities. IMF provided technical assistance to Governments to help them counter tax evasion resulting from money-laundering. It also assisted its member countries to devise banking legislation which would reduce the extent to which the banking system was used in money-laundering. In conclusion, he said that IMF provided substantial assistance designed to enable banking supervision authorities to detect unusual developments in the operations of a particular bank as a means of detecting illicit activity.

Ms. PACHTER (World Bank) said that although the World Bank had not been asked to fund many drug control projects per se, it was called upon to include in projects components that would respond to the economic and social impact of drugs. The World Bank also supported drug rehabilitation components in health projects and provided assistance to enable countries more effectively to deal with drug problems through their judicial systems.

Mr. MINEL (International Labour Organization (ILO)) pointed out that the improved coordination among the various organizations of the United Nations system with regard to drug problems was an outgrowth of the follow-up activities to the major international conferences held during the 1990s. The cross-sectoral approach inherent in that follow-up ensured that activities undertaken in one field would have a favourable impact on efforts in other fields.

His organization's contribution to that shared endeavour included its efforts to define more dynamic policies for job creation in producer and consumer countries and its workplace training modules on drugs.

Mr. MATHEWS (South Africa) noted that many delegations had stated that globalization, more liberal trade policies, information technology and modern banking systems actually facilitated the commission of crimes. However,

recourse by drug traffickers to the tools of modern technology did not make them invincible; those tools should be honed to defeat the traffickers.

Mr. LOURIOLA (Observer for Italy) fully endorsed the remarks by the Executive Director of UNDCP. The special session of the General Assembly to be held in 1998 should pay close attention to the social consequences of the drug problem, and he underscored the importance of prevention activities.

Mr. DIAO Ming Sheng (China) said that drug-control cooperation among the various agencies of the United Nations system should be strengthened in order to implement the Global Programme of Action, and the role of UNDCP should be further enhanced. UNDCP should objectively and realistically formulate policies to combat drugs, taking fully into account the characteristics of different regions and adopting a balanced strategy emphasizing both demand reduction and efforts to cut off the supply of drugs. UNDCP could not be hampered in its activities by a lack of resources; countries should increase their contributions, and those contributions should be free of conditions.

Drug abuse control should be related to development activities. The international financial institutions and the developed countries should allocate more resources to drug control and should assist the developing countries which were in particular difficulty by providing resources and technical assistance and advising them on crop substitution strategies. That was another dimension of sustainable international development.

His delegation supported the idea of convening a special session of the General Assembly in 1998. Before the advent of the twenty-first century, a strong message must be sent to the world public about the determination of States to combat drugs. The session should be action-oriented with a view to solving specific problems.

Mr. MAYRHOFER-GRÜNBÜHEL (Observer for Austria) said that UNDCP could not play a leadership role and coordinating function unless it had all the necessary information. A number of regional and national initiatives appeared to be duplicating the information-gathering function of UNDCP. UNDCP was best suited to do the work, however, and should be given the scarce resources available. States must provide information to UNDCP; UNDCP sent out questionnaires and requests for information on a fairly regular basis, but some countries, including countries which were lamenting the lack of information about the drug problem, had not been forthcoming.

His delegation agreed that the growth of the drug problem could not be blamed on privatization. However, globalization and the macroeconomic environment made it possible both for private enterprises to develop and for drug syndicates to organize on a global scale, and they both tended to be well ahead of national regulatory authorities. After opening its borders to the East, his Government had had to make extensive changes in national banking and insurance law and the Penal Code to stem the tide of organized crime. Austria was in the process of ratifying the United Nations drug control conventions and relevant conventions of the Council of Europe; ratification had been delayed by a number of legal and constitutional problems. UNDCP, along with the Crime Prevention and Criminal Justice Division of the United Nations Secretariat, had a major role to play in providing legal assistance.

His delegation felt that UNDCP could concentrate more on the issue of money-laundering, and it had therefore proposed that a separate unit on money-laundering should be set up in the Crime Prevention and Criminal Justice Division.

He had gained the impression from the comments made by the representatives of IMF and the World Bank that the drug problem was not really a major issue for them. His delegation wished to know to what extent they cooperated with UNDCP and the Crime Prevention and Criminal Justice Division.

Ms. BECKER (United States of America) said that, as the world's largest illicit drug market, the United States recognized that its primary obligation was to address its own drug demand problem; it did not intend that other countries should solve its problem.

Her Government had achieved significant results in cutting back consumption; between 1979 and 1995 the number of people using illicit drugs had been halved, going from 24.8 million to 12.2 million. Between 1988 and 1994 the number of past-month cocaine users had declined from 5.2 million to 1.2 million. However, her Government was concerned about the slow progress being made against the population of hard-core heavy users of cocaine. In 1996, about one third of the budget for drug control - $5 billion - would be used for demand reduction, and an additional 55 per cent would be allocated to domestic law enforcement.

The problem of demand was not limited to the United States or the Western hemisphere; the United States had only 4 per cent of the world's heroin addicts.

The consumption of methamphetamine was growing faster outside the Western hemisphere.

There was a key role to be played in demand reduction by other United Nations agencies, including WHO, which should focus on substance abuse, prevention, treatment and rehabilitation. UNICEF was designing projects to target drug-addicted and at-risk children. UNFPA and other agencies also had a role to play. States must speak with one voice in the governing bodies of those agencies.

The representative of Colombia had implied that the problem of demand was an internal problem. Her Government would be interested in sharing information on successful prevention and treatment methods and in the provision of technical assistance to help it make its programmes more effective.

With regard to the proposals for a convention on money-laundering, her Government felt that it was far preferable to maximize the effectiveness of existing instruments, complementing them with the recommendations of the Financial Action Task Force. It might also be an undue burden on small countries to have to negotiate a new international instrument.

Mr. GONZÁLEZ GÁLVEZ (Observer for Mexico), referring to the proposal to draw up a global agreement on money-laundering, said that regional approaches were not incompatible with a global approach. Multilateral cooperation had not yet reached a level at which it could be completely relied on. There were very different and sometimes conflicting approaches to money-laundering, and there was a clear need for a global framework. As a first step, there could be a declaration of principles. The recommendations of the Financial Action Task Force of the Group of Seven major industrialized countries could not be accepted without negotiation.

Mr. ALOM (Bangladesh) said that, given the multidimensional nature of illicit drug trafficking, UNDCP should play a coordinating and catalytic role, concentrating on demand reduction and identifying critical issues. It should prepare an action-oriented paper which could be considered at the proposed special session of the General Assembly.

Mr. CONNOLLY (United Nations Children's Fund (UNICEF)), referring to the questions raised about cooperation between UNDCP and UNICEF, and about inter-agency collaboration in general, said that UNICEF was strengthening its joint efforts with UNDCP, particularly since in its programming efforts it was

concentrating increasingly on young people. UNICEF was accelerating its collaborative efforts through inter-organizational technical support and was expanding joint efforts at the regional and country levels focusing on children and young people in crisis. It was hoping to increase financial support to innovative country programmes.

Mr. GIACOMELLI (Executive Director, United Nations International Drug Control Programme (UNDCP)) said that the question of laundered money was an underground subject. It was hard to quantify the amounts involved, although they were certainly in the order of hundreds of billions of dollars. Generally speaking, the money moved from the hands of the poor to those of a few rich people, who spent it chiefly on perpetrating the corruption of economic and political power. From a geographical viewpoint, the laundered money tended to go back to the drug cartels, which used it to control power, contaminating the economies of the countries concerned. In reality, there was no such thing as money-laundering, because as long as money was in dirty hands it remained dirty and polluted economic and political power.

He agreed with the representative of South Africa that new technologies and the free market, besides being an aggravating factor for the drug problem, also represented an opportunity to take action at the global level.

Mr. INOMATA (Japan) said that, as Chairman of the Commission on Crime Prevention and Criminal Justice, he wished to report that the Commission had adopted a draft declaration on crime and public safety and an international code of conduct for public officials and was working on a convention on the control of organized crime. He agreed that UNDCP and the Commission should establish a joint unit on money-laundering, without incurring additional costs.

Ms. QUIJANO (Colombia) said that regional initiatives were important in order to pave the way for the formulation of a binding international instrument on the subject of money-laundering. Colombia was carrying out its own initiatives in the South American region.

On the question of bank secrecy, she said that States had to comply with the provisions of the 1988 Convention and that bank secrecy could not be used to cover up drug trafficking or money-laundering.

The meeting rose at 6.15 p.m.